

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: DEFINING THE TERM "ALL ELIGIBLE CUSTOMERS" IN IOWA CODE § 476.29(5)	DOCKET NO. RMU-03-7
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ORDER COMMENCING RULE MAKING

(Issued June 6, 2003)

Pursuant to the authority of Iowa Code §§ 17A.4, 476.1, 476.2, and 476.29 (2003), the Utilities Board (Board) proposes to adopt the rules attached hereto and incorporated herein by reference in this order. These rules amend 199 IAC 22.1(3) and (5). This proceeding has been identified as Docket No. RMU-03-7.

Iowa Code § 476.29(5) requires that "[e]ach local exchange utility has an obligation to serve all eligible customers within the utility's service territory, unless explicitly excepted from this requirement by the board." With the emergence of local exchange competition, the requirement appears to need further definition to discourage competitive local exchange carriers from providing service only to one class of customers, while choosing not to provide service to residential customers.

Currently, retail business rates are higher than retail residential rates. By offering service to business customers, but not to residential customers, a competitive advantage is developed over the incumbent carriers and the competitive carriers serving both business and residential customers.

The first proposed change is a new definition under subrule 199—22.1(3). The new definition references "exchange service area." This is already defined in the rules as the "general area in which the telephone utility holds itself out to furnish exchange telephone service." Therefore, the new definition indicates that carriers must offer service to all residential and business customers in any exchange area served.

The second proposed change updates the "basic utility obligations" found in 199 IAC 22.1(5).

IT IS THEREFORE ORDERED:

1. A rule making proceeding identified as Docket No. RMU-03-7 is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.

2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to and incorporated by reference in this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 6th day of June, 2003.

UTILITIES DIVISION [199]

Notice of Intended Action

Pursuant to Iowa Code sections 17A.4, 476.1, 476.2, and 476.29, the Utilities Board (Board) gives notice that on June 6, 2003, the Board issued an order in Docket No. RMU-03-7, In re: Defining the Term "All Eligible Customers" in Iowa Code § 476.29(5), "Order Commencing Rule Making." The Board is proposing to amend 199 IAC 22.1(3) and 22.1(5) to incorporate a definition of the term "all eligible customers" as used in Iowa Code § 476.29(5) regarding the provision of local telecommunications service. The background and support for the proposed amendments can be found in the June 6, 2003, order on the Board's Web site, www.state.ia.us/iub.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before July 15, 2003, by filing an original and ten copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

An oral presentation is scheduled to receive comments on the proposed amendments. The presentation will be held at 10 a.m. on August 12, 2003, in the Board's hearing room at the address listed above. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board

at (515)281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

These amendments are intended to implement Iowa Code sections 17A.4, 476.1, 476.2, and 476.29.

The following amendments are proposed.

Item 1. Add a new definition to 22.1(3).

"Eligible customers" means all residential and business customers located within the carrier's certificated exchange service area.

Item 2. Amend paragraph 22.1(5) as follows:

22.1(5) Basic utility obligations. Each telephone utility shall be prepared to provide telephone service to ~~the public~~ all eligible customers in its exchange service area in accordance with its rules and tariffs on file with the board. Such service shall normally meet or exceed the standards set forth in these rules governing "Rates Charged and Service Supplied By Telephone Utilities."

June 6, 2003

/s/ Diane Munns
Diane Munns
Chairman